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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/996,497	11/30/2001	Edward Gendelman	Gendelman-App	2194
7590	01/27/2006			
Edwin H. Crabtree Suite 575 3773 Cherry Creek N. Drive Denver, CO 80209			EXAMINER GLASS, RUSSELL S	
			ART UNIT 3626	PAPER NUMBER

DATE MAILED: 01/27/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/996,497	GENDELMAN, EDWARD	
	Examiner	Art Unit	
	Russell S. Glass	3626	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 30 November 2001.
- 2a) ☐ This action is FINAL. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-15 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-15 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: _____

DETAILED ACTION

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

1. **Claims 1-15 are rejected under 35 U.S.C. 112, second paragraph, as being incomplete for omitting essential steps, such omission amounting to a gap between the steps. See MPEP § 2172.01.**

As per independent claims 1, 7, and 10, the omitted steps are:

- (a) generating a net production value profile using the net production value profile model based on collected engineering and production data;
- (b) generating an insurance premium payment plan using the insurance premium payment curve based on the net production value profile and the future cost of decommissioning and abandoning the facility.

The claims contain method steps for building mathematical models and curves using collected data. However, the method fails to describe an affirmative step of calculating and outputting a premium payment plan and/ or using the model or curve to derive a specific value or variable to be used in the calculation of a premium. The claims appear to be directed more toward mathematical modeling instead of using data to calculate a premium. In other words, the abstract mathematical model and curve must be used to create a useful and tangible result.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

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Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

2. Claims 1-15 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

In particular, independent claims 1, 7 and 10 contain method steps for building mathematical models and curves using collected data. However, the method fails to produce a useful and tangible result. In particular, the method fails to describe an affirmative step of calculating and outputting a premium payment amount and/ or using the model or curve to derive a specific net production value, to be used in the calculation of said premium payment amount. The claims appear to be directed more toward abstract mathematical modeling rather than outputting a monetary value. In other words, claims 1, 7 and 10 must be directed toward a practical application that produces a useful and tangible result for the method to be considered statutory.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. Claims 1-3, 5-7, 9 are rejected under 35 U.S.C. 103(a) as being unpatentable over Radigan, (U.S. 6,772,128), in view of Andrea Felstead, *Europe: Energy: Plan To Offset Removal Risks*, World Reporter, Lloyd's List, October 15, 1999,

available at DIALOG, File 20, No.: 07766319, ("Felstead"), and further in view of DeTore et al, (U.S. 4,975,840).

4. As per claim 1, Radigan discloses a process for insuring and risk managing the decommissioning and/or abandoning of an energy production facility owned by an energy producer, the process steps comprising:

- (a) estimating future cost of decommissioning and abandoning the energy production facility, (Radigan, col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11);
- (b) building an insurance premium payment curve to be paid by the energy producer based on the net production value profile and the future cost of decommissioning and abandoning the facility, (Radigan, col. 4, line 32-col. 5, line 18; col. 9, line 24-col. 10, line 44; col. 11, line 6-col. 13, line 11);
- (c) selling the energy producer a risk management insurance policy based on an estimated premium payment curve and collecting premium payments from the energy producer, (Radigan, col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11); and
- (d) paying the energy producer at the time of decommissioning and abandoning the facility for the insured cost of abandonment, (Radigan, col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11).

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Radigan fails to disclose that the energy facility is and oil and/or gas facility.

However, insurance for decommissioning an oil and/or gas facility is well known in the art as evidenced by Felstead, (Felstead, *passim*).

The collective system of Radigan and Felstead fail to disclose the following method steps. However, such method steps are well known in the art as evidenced by DeTore. DeTore discloses:

(e) collecting engineering and production data related to an energy production facility, (DeTore, col. 1, lines 37, 38; col. 2, lines 32-44; col. 4, line 21-col. 6, line 9; col. 7, line 24-col. 8, line 7)(disclosing an insurance method wherein financial data collected relates to the subject of the property or casualty insurance policy);

(f) building a model predicting a net production value profile of the energy field using the collected engineering and production data, (DeTore, col. 1, lines 37, 38; col. 2, lines 32-44; col. 4, line 21-col. 6, line 9; col. 7, line 24-col. 8, line 7) (disclosing an insurance method wherein data collected is used to “model” information that may have a bearing on insurability, including financial information that could include net production values).

It would be obvious to one of ordinary skill in the art in view of Felstead to use the decommissioning insurance method of Radigan to insure the decommissioning of an oil and gas facility. The motivation would be to meet the financial risks involved in decommissioning such facilities, (Felstead, ¶1).

It would have been obvious to one of ordinary skill in the art at the time of the invention to incorporate detour in to the collective system of Radigan and Felstead. The motivation would have been properly evaluate the insurability of a potentially insurable

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risk, such risk possibly being environmental or legal liability, (DeTore, col. 1, lines 31-58).

5. As per claim 2, Radigan discloses a process wherein the step of estimating future cost of decommissioning and abandoning the facility also includes estimating future cost of environmental risk insurance, (Radigan, col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11)(risk transfer element is considered to include insured environmental risks).

The statement of obviousness and motivation to combine is as provided in the rejection of claim 1 and incorporated herein by reference.

6. As per claim 3, Radigan discloses a process wherein the step of estimating future cost of decommissioning and abandoning the facility also includes estimating cost of transfer liability insurance, (Radigan, col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11).

The statement of obviousness and motivation to combine is as provided in the rejection of claim 1 and incorporated herein by reference.

7. As per claim 5, Radigan discloses a process wherein at the time of selling the producer a risk management insurance policy, the producer removes a "P&A" or plug and abandon

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liability from its balance sheet, (Radigan, col. 2, lines 64-67; col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11)(blocking and sealing valves and plugs are typical decommissioning activities, and the disclosed insurance product and method protects the insured oil and gas producer from liability for decommissioning activities).

The statement of obviousness and motivation to combine is as provided in the rejection of claim 1 and incorporated herein by reference.

8. As per claim 6, Radigan discloses a process wherein portions of the insurance premium payments received from the producer are securitized for further risk reduction, (Radigan, col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11).

The statement of obviousness and motivation to combine is as provided in the rejection of claim 1 and incorporated herein by reference.

9. As per claim 7, Radigan discloses a process for insuring and risk managing the decommissioning and/or abandoning of an energy production facility owned by an energy producer, the process steps comprising:

(a) estimating future cost of decommissioning and abandoning the energy production facility, (Radigan, col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11) (risk transfer element is considered to include the cost of insured environmental risks);

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(b) building an insurance premium payment curve to be paid by the energy producer based on the net production value profile and the future cost of decommissioning and abandoning the facility, (Radigan, col. 4, line 32-col. 5, line 18; col. 9, line 24-col. 10, line 44; col. 11, line 6-col. 13, line 11);

(c) selling the energy producer a risk management insurance policy based on an estimated premium payment curve and collecting premium payments from the energy producer, (Radigan, col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11); and

(d) paying the energy producer at the time of decommissioning and abandoning the facility for the insured cost of abandonment, (Radigan, col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11).

Radigan fails to disclose that the energy facility is and oil and/or gas facility. However, insurance for decommissioning an oil and/or gas facility is well known in the art as evidenced by Felstead, (Felstead, *passim*).

The collective system of Radigan and Felstead fail to disclose the following method steps. However, such method steps are well known in the art as evidenced by DeTore. DeTore discloses:

(e) collecting engineering and production data related to an energy production facility, (DeTore, col. 1, lines 37, 38; col. 2, lines 32-44; col. 4, line 21-col. 6, line 9; col. 7, line 24-col. 8, line 7)(disclosing an insurance method wherein financial data collected relates to the subject of the property or casualty insurance policy);

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(f) building a model predicting a net production value profile of the energy field using the collected engineering and production data, (DeTore, col. 1, lines 37, 38; col. 2, lines 32-44; col. 4, line 21-col. 6, line 9; col. 7, line 24-col. 8, line 7) (disclosing an insurance method wherein data collected is used to “model” information that may have a bearing on insurability, including financial information that could include net production values).

The statement of obviousness and motivation to combine is as provided in the rejection of claim 1 and incorporated herein by reference.

10. As per claim 9, Radigan discloses a process wherein portions of the insurance premium payments received from the producer are securitized for further risk reduction, (Radigan, col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11).

The statement of obviousness and motivation to combine is as provided in the rejection of claim 1 and incorporated herein by reference.

11. **Claims 4, 8, 10-15 are rejected under 35 U.S.C. 103(a) as being unpatentable over Radigan, (U.S. 6,772,128), in view of Andrea Felstead, *Europe: Energy: Plan To Offset Removal Risks*, World Reporter, Lloyd’s List, October 15, 1999, available at DIALOG, File 20, No.: 07766319, (“Felstead”), and further in view of DeTore et al, (U.S. 4,975,840), and further in view of Roberts et al., (U.S. 4,839,804).**

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12. As per claim 4, Roberts discloses a method further including the step of updating and tracking all data related to the subject of the policy during the life of the policy and periodically adjusting the premium payment curve based on discrepancies between the predicted and actual production profile, (Roberts, Abstract, col. 2, line 61-col.3, line 33)(disclosing a method wherein premium rates are adjusted bases upon future projections of the current cost of covering the future liability amount, such current cost being affected by how much the subject of the policy can currently produce and contribute).

The statement of obviousness and motivation to combine the collective system of Radigan, Felstead, and DeTore is as provided in the rejection of claim 1 and incorporated herein by reference.

It would have been obvious to one of ordinary skill in the art to incorporate Roberts in to the collective system of Radigan, Felstead, and DeTore. The motivation would be to provide a means to fund a certain future liability of uncertain value, (Roberts, Abstract).

13. The process as described in claim 7 further including the step of updating and tracking all data related to the facility during the life of the policy and periodically adjusting the premium payment curve based on discrepancies between the predicted and actual production profile, (Roberts, Abstract, col. 2, line 61-col.3, line 33)(disclosing a method wherein premium rates are adjusted bases upon future projections of the current cost of covering the future liability amount).

The statement of obviousness and motivation to combine is as provided in the rejection of claim 4 and incorporated herein by reference.

14. As per claim 10 Radigan discloses a process for insuring and risk managing the decommissioning and/or abandoning of an energy production facility owned by an energy producer, the process steps comprising:

- (a) estimating future cost of decommissioning and abandoning the energy production facility, (Radigan, col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11);
- (b) building an insurance premium payment curve to be paid by the energy producer based on the net production value profile and the future cost of decommissioning and abandoning the facility, (Radigan, col. 4, line 32-col. 5, line 18; col. 9, line 24-col. 10, line 44; col. 11, line 6-col. 13, line 11);
- (c) selling the energy producer a risk management insurance policy based on an estimated premium payment curve and collecting premium payments from the energy producer, (Radigan, col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11); and
- (d) paying the energy producer at the time of decommissioning and abandoning the facility for the insured cost of abandonment, (Radigan, col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11).

Radigan fails to disclose that the energy facility is an oil and/or gas facility. However, insurance for decommissioning an oil and/or gas facility is well known in the art as evidenced by Felstead, (Felstead, *passim*).

The collective system of Radigan and Felstead fail to disclose the following method steps. However, such method steps are well known in the art as evidenced by DeTore. DeTore discloses:

- (e) collecting engineering and production data related to an energy production facility, (DeTore, col. 1, lines 37, 38; col. 2, lines 32-44; col. 4, line 21-col. 6, line 9; col. 7, line 24-col. 8, line 7)(disclosing an insurance method wherein financial data collected relates to the subject of the property or casualty insurance policy);
- (f) building a model predicting a net production value profile of the energy field using the collected engineering and production data, (DeTore, col. 1, lines 37, 38; col. 2, lines 32-44; col. 4, line 21-col. 6, line 9; col. 7, line 24-col. 8, line 7) (disclosing an insurance method wherein data collected is used to "model" information that may have a bearing on insurability, including financial information that could include net production values).

The collective system of Radigan, Felstead, and DeTore fail to disclose the remaining method steps. However, such method steps are well known in the art as evidenced by Roberts. Roberts discloses:

- (g) updating and tracking all data related to the facility during the life of the policy and periodically adjusting the premium payment curve based on discrepancies between the predicted and actual production profile, (Roberts, Abstract, col. 2, line 61-col.3, line 33)(disclosing a method wherein premium rates are adjusted bases upon future projections of the current cost of covering the future liability amount).

The statement of obviousness and motivation to combine is as provided in the rejection of claim 4 and incorporated herein by reference.

15. As per claim 11, Radigan discloses a process wherein the step of estimating future cost of decommissioning and abandoning the facility also includes estimating future cost of environmental risk insurance, (Radigan, col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11)(risk transfer element is considered to include insured environmental risks).

The statement of obviousness and motivation to combine is as provided in the rejection of claim 4 and incorporated herein by reference.

16. As per claim 12, Radigan discloses a process wherein the step of estimating future cost of decommissioning and abandoning the facility also includes estimating cost of transfer liability insurance, (Radigan, col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11).

The statement of obviousness and motivation to combine is as provided in the rejection of claim 4 and incorporated herein by reference.

17. As per claim 13, Radigan discloses a process wherein at the time of selling the producer a risk management insurance policy, the producer removes a "P&A" or plug and abandon liability from its balance sheet, (Radigan, col. 2, lines 64-67; col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11)(blocking and sealing valves and plugs are typical decommissioning activities, and the disclosed

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insurance product and method protects the insured oil and gas producer from liability for decommissioning activities).

The statement of obviousness and motivation to combine is as provided in the rejection of claim 4 and incorporated herein by reference.

18. As per claim 14, Radigan discloses a process wherein portions of the insurance premium payments received from the producer are securitized for further risk reduction, (Radigan, col. 4, line 32-col. 5, line 18, col. 9, line 24-col. 10, line 44, col. 11, line 6-col. 13, line 11).

The statement of obviousness and motivation to combine is as provided in the rejection of claim 4 and incorporated herein by reference.

19. As per claim 15, Radigan discloses a process further including establishing a trust for receiving the insurance premium payments from the oil and gas producer, for the purpose of selling asset backed securities to an investor, (Radigan, Fig. 1; col. 5, line 18-col. 7, line 5; col. 10, lines 40-45).

The statement of obviousness and motivation to combine is as provided in the rejection of claim 4 and incorporated herein by reference.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure is as follows: Chichilnisky, (PCT/US99/17709); Radigan, (U.S.

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Pub. 2004/0088202); Fox, (U.S. 4,766,539); Underwood et al., (U.S. 5,873,066); Jernberg, (U.S. 6,336,096).

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Russell S. Glass whose telephone number is 571-272-3132. The examiner can normally be reached on M-F 8-5.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Joseph Thomas can be reached on 571-272-6776. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

RSG
1/10/06


C. LUKE GILLIGAN
PATENT EXAMINER